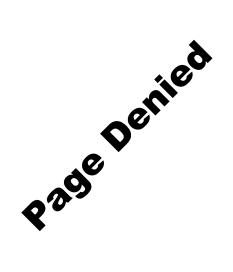
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DEVELOPMENTS IN INDOCHINA

(Information as of 1500)

Page

SOUTH VIETNAM

1

A generally low level of military activity prevailed in most areas of the country over the weekend. Senior South Vietnamese military officers present a gloomy picture of government clearing efforts in Quang Nam and Quang Ngai provinces. General Dzu reportedly has been dismissed as the chief of South Vietnam's delegation to the Joint Military Commission, probably as a result of an anti-Communist incident at Ban Me Thuot.

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LAOS

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North Vietnamese attacks have forced the irregulars to retreat farther from Saravane, but a lull in enemy activity is allowing government forces near Paksong and Muong Phalane to regroup. The private peace talks in Vientiane appear to be going well.

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Souvanna has given the Lac Army increased administrative powers in the provinces.

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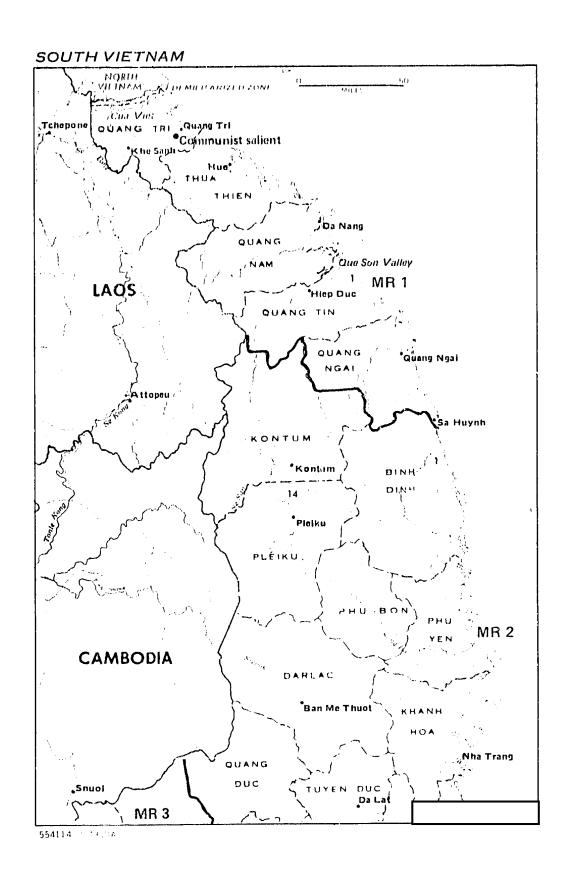
CAMBODIA

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The government is launching a small operation to clear a section of Route 1 between Phnom Penh and the Mekong. Cambodian reinforcements have moved into government base at Neak Luong on the river's east bank. The country's rice supply outlook for the rest of the year has improved somewhat.

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SOUTH VIETNAM

A generally low level of military activity prevailed in most areas during the weekend, although sporadic shellings and light ground attacks continue in the northern half of the country. In Quang Tri Province, North Vietnamese gunners have increased artillery and mortar fire against South Vietnamese paratroops trying to eliminate a Communist salient southwest of the provincial capital.

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the Communists shelled and probed government positions for the second straight day on 11 February, apparently to forestall South Vietnamese efforts to move back into high ground overlooking the enemy-held Hiep Duc District capital. According to the South Vietnamese chief of staff for Military Region 1, Colonel Hoang Quynh Dang, the government's campaign to recapture western Que Son and Hiep Duc now has "no hope of success." Dang also said that it will be "difficult" to recapture southern Quang Ngai, particularly the Sa Huynh area--a view shared by army chief of staff General Cao Van Vien--but that the effort will continue.

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South Vietnamese forces made little progress in southern Quang Ngai over the weekend, and are curvently stalled about five miles north of Sa Huynh.

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President Thieu has ordered a ranger group moved to Quang Ngai as a reinforcement and to fill the gap left by departing South Korean units. For their part, the Communists appear to have assigned at least three main-force regiments to defend the portions of the coast they now hold in the Sa Huynh area.

In the central highlands, scattered Communist attacks were made against government road-clearing efforts in Pleiku Province. Route 14 remains closed both north and south of the provincial capital. All major roads and waterways are reported open throughout the southern half of the country, however.

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The Aftermath of the Ban Me Thuot Incident

Press reports from Saigon indicate that Lieutenant General Ngo Dzu, the chief of the South Vietnamese delegation to the joint military commission, has been replaced by Lieutenant General Du Quoc Dong, who formerly commanded the South Vietnamese Airborne Division. Despite a South Vietnamese military spokesman's claims that Dzu was dismissed because of poor health, the sacking almost certainly resulted from the politically embarrassing Ban Me Thuot incident of 9 February, in which an angry crowd pushed through police lines and threw rocks at Communist members of a joint military commission team. Several Communists were injured before South Vietnamese police broke up the demonstration.

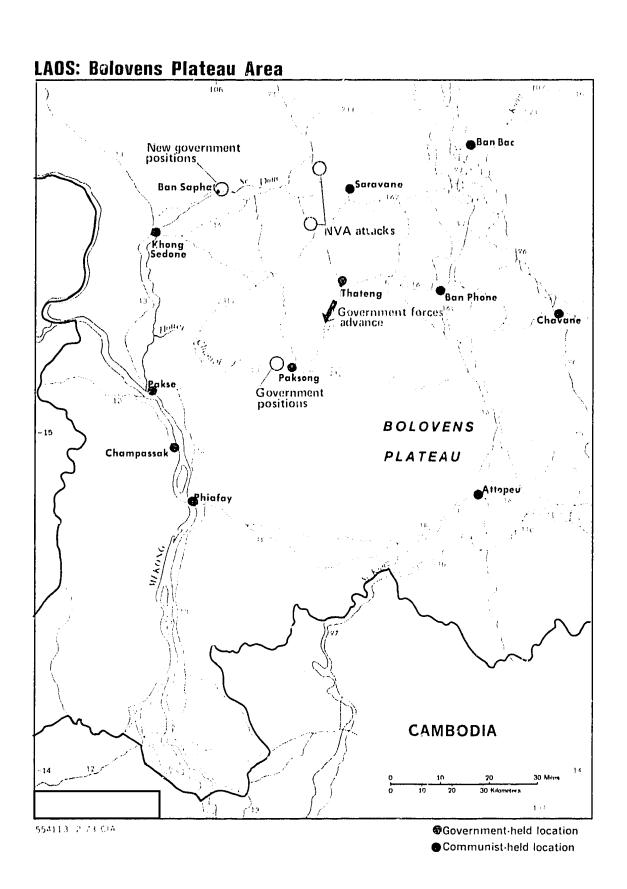
The incident drew a sharp reaction from the Communist camp. The North Vietnamese Foreign Ministry issued a strongly worded statement condemning the South Vietnamese authorities for allowing it to occur. The statement went so far as to compare the incident with some of the acts of the Diem regime which were "aimed at sabotaging the 1954 Geneva Agreement." North Vietnam also reiterated its standard line that it intended to honor the cease-fire agreement but cautioned that it would not "tolerate any foolish act by the Saigon administration" in the future. The chiefs of both Communist military delegations also protested the incident, and the North Vietnamese official issued orders which, temporarily at least, stopped any further deployments of personnel to joint military commission sites in the countryside.

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The South Vietnames: Government also reacted quickly in an effort toward off any formal condemnation for obstructionist tactics. In addition to the reported sacking of Dzu, the government has apologized for the incident at Ban Me Thuot, and the South Vietnamese prime minister has issued orders directing all province chiefs to assure maximum security for all international organizations and the four-power joint military commission. There have been indications that other demonstrations are to be conducted against the Communists in several areas of the country and this order should prevent them from getting out of hand.

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LAOS

Sharp fighting continues in the south. North Vietnamese ground attacks and shellings on 10 February dispersed at least five of the eight dispirited irregular battalions west of Saravane. Most of these units are now attempting to regroup in new blocking positions about 15 miles east of Khong Sedone. The North Vietnamese may pursue them in an effort to add to Communist holdings in the Se Done valley before a ceasefire.

To the south, the Communists appear to be trying to secure Paksong and to locate remaining government positions in the area. Government commanders are taking advantage of the lull to reassemble some of their battered forces along Route 23, about five miles west of the town. Meanwhile, a 1,400-manirregular force continues to push slowly south toward Paksong from Thateng. The movement of these irregulars toward the town may force the North Vietnamese to abandon at least for the moment any plans to eliminate the government's foothold on the western Bolovens.

Military activity is at a relatively low level in the central panhandle. North Vietnamese patrols have pushed through Muong Phalane to test irregular defenses just to the west while the bulk of enemy forces—elements of as many as four regiments—attempt to move forward for renewed combat.

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Private Peace Parleys Continue

Pheng Phongsavan, who recently was designated Prime Minister Souvanna's plenipotentiary representative, met for the second time with Lac Communist envoy Phoumi Vongvichit on 10 February to work on a peace agreement. The meetings are apparently progressing smoothly. Radio Pathet Lao described the second session as "cordial" and stated that a third meeting would be held on 11 February.

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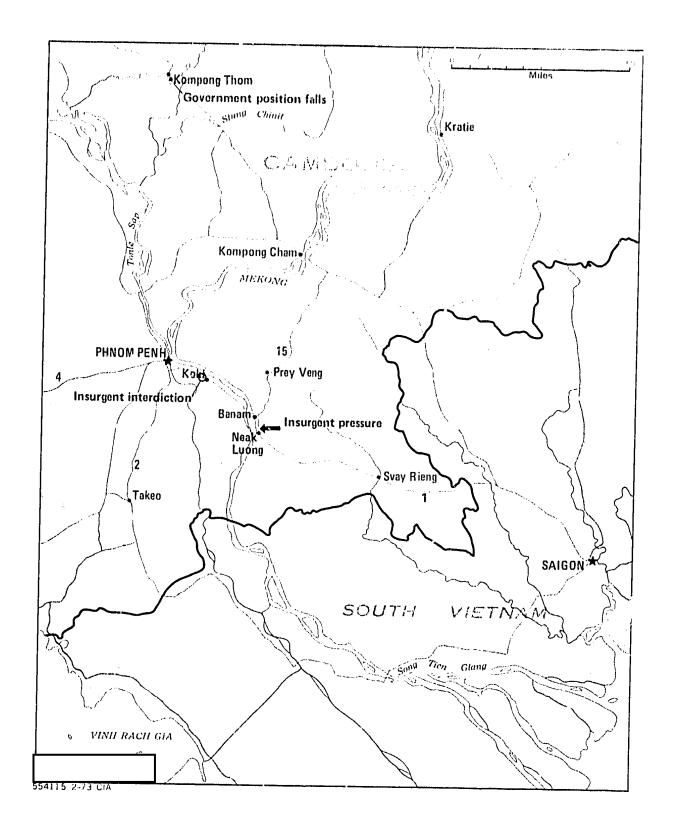
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The Military Situation

The government is assigning two battalions from the Phnom Penh area to clear a short section of Route 1 about 15 miles southeast of the capital that was closed by a Khmer insurgent-probing attack on 10 February. Once the road is reopened, these forces will then join other Cambodian reinforcements that have already arrived at the government base at Neak Luong on the east bank of the Mekong. North of Neak Luong, the situation at Banam on Route 15 remains confused. Some insurgent elements apparently are in the town itself, while others are still located along Route 15 between Banam and Neak Luong. Cambodian Army command and control problems reportedly are complicating local government efforts to force the insurgents out of this sector.

Farther to the east, insurgent harassing attacks against the city of Svay Rieng have fallen off. In the north, however, Communist forces have continued to put some strong pressure on government defenses at Kompong Thom. Despite US air strikes, the Communists overran a Cambodian position just south of the town on 11 February killing or capturing most of the members of the government battalion that had been defending it. Current government strength at Kompong Thom stands at about 4,000 troops.

Rice Outlook Improves

Newly available information on the recent rice harvest in the key province of Battambang suggests pressure on rice supplies during 1973 may not be as great as earlier estimated. If the government can keep Route 5 open, the often precarious Phnom Penh import and stock situation should prove somewhat easier to manage than last year. Previous estimates of a poor harvest in Battambang were made on the basis of bad weather early in the growing

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season.

late season planting resulted in a very good harvest. Although farmers were caught with a shortage of labor and cash because of last season's poor harvest, women compensated for the lack of male labor and merchants supplied money advances to pay harvesters. No quantity estimates are available, but the harvest no doubt is still substantially less than the government rice agency's enthusiastic claims.

Import contingency plans undertaken when the rice harvest looked to be smaller will also help relieve some of the rice supply pressure in the capital. Just last week, Cambodia exercised an option on its final purchase of 28,000 tons of PL-480 rice. A good Battambang harvest could, however, put some dent in 1973 import requirements that have been estimated as high as 200,000 tons.

The rice situation is not so good in less secure areas of the northwest rice bowl. Harvest shortages in western Siem Reap Province were reportedly compounded by Chinese merchants buying up production ostensibly for resale to local villages. In fact, the merchants sold much of the rice to the Khmer insurgents to establish a secure trading environment for the future. Collusion between government officials and merchants in Siem Reap city reportedly resulted in high rice prices and declining morale among the residents.

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